



February 7, 2014

Mr. Gerard Poliquin  
Secretary of the Board  
National Credit Union Administration  
1775 Duke Street  
Alexandria, Virginia 22314-3428

Submitted via e-mail to: [regcomments@ncua.gov](mailto:regcomments@ncua.gov)

Re: Proposed Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Regulated Entities

Dear Mr. Poliquin:

This comment letter represents the views of the Virginia Credit Union League on the proposed policy statement that NCUA issued (along with the NCUA, OCC, FRB, FDIC, CFPB, and SEC) setting forth standards that NCUA will use to assess the diversity policies and practices of the credit unions that it regulates. The Virginia Credit Union League is the state association providing regulatory and legislative advocacy support for the Commonwealth's 180 credit unions.

#### OVERVIEW OF PROPOSED STANDARDS

The Dodd-Frank Act requires the NCUA and various other regulatory agencies to “develop standards for . . . assessing the diversity policies and practices of” the entities that they regulate. See 12 USC 5452(b)(2)(c). The NCUA, along with the other regulatory agencies mentioned above, worked together to develop standards, and on October 25, 2013, published an interagency policy statement outlining the proposed standards and requesting feedback. The policy statement explains that the diversity policies and practices of credit unions will be assessed based upon how well those policies and practices:

- (1) Demonstrate the credit union's commitment to diversity;
- (2) Track and promote diversity in employment;
- (3) Track and promote diversity in procurement and business practices; and
- (4) Promote transparency of the credit union's diversity program.

The policy statement also includes, for each of these assessment categories, an extensive and detailed list of policies and procedures that should be followed to obtain a favorable assessment in that category. Although some items on the list are quite general—such as implementing a “diversity and inclusion policy that is approved and supported by . . . senior management and the board of directors”—others are very specific, including detailed recommendations that credit unions perform strategic planning related to diversity issues; provide regular training on diversity and inclusion; select management personnel to oversee diversity efforts; implement detailed metrics to measure diversity in employment and contracting;



implement particular types of outreach to improve diversity in the pool of job applicants and suppliers; report regularly to the board on diversity issues; and post diversity-related information on their public websites.

Although the League believes that credit unions should continue to be, as they long have been, committed to the goals of diversity and inclusion, we have concerns about what we believe may be unintended consequences of the proposed policy statement. Our concerns are explained thoroughly in the comments of the Credit Union National Association (CUNA), so rather than repeating all of those concerns here, we will simply emphasize our two primary concerns.

#### CONCERNS ABOUT THE PROPOSED TRANSPARENCY STANDARDS

The League's first concern is that, under the proposed policy statement, a credit union's diversity policies and practices apparently will not receive a favorable assessment by NCUA unless it publicly discloses (either on its web site or through some other public channel of communication) such information as "[i]ts diversity and inclusion strategic plan," and "its progress toward achieving diversity and inclusion" including its "current workforce and supplier demographic profiles." Although the League certainly believes that credit unions should be allowed to disclose diversity-related information on their web sites, we oppose the policy statement to the extent that it mandates, or pressures credit unions into making, public disclosures of the sort described. Making such disclosures publicly can create significant risks, even for institutions that are firmly committed to diversity, and we believe that navigating those risks is best left to credit unions and their legal counsel. It might be that the agencies were merely recommending these disclosures, and never intended them to be mandatory, but if that is the case, then the policy statement should be clarified.

#### CONCERNS ABOUT LACK OF FLEXIBILITY FOR CREDIT UNIONS

The League's second concern is that the policy statement, though perhaps intended merely to inform credit unions about how their diversity policies and practices will be assessed, may have the practical effect of dictating what those policies and practices must be. Although we have no objection to the proposal that credit unions maintain a diversity policy, we are very concerned about the long list of specific policies and practices described in the policy statement. There is no doubt that most of the described policies and practices have merit, but we believe that implementing all of them, or even most of them, would be beyond the resources and capabilities of the average credit union, and would far exceed what is necessary for the average credit union to implement a successful diversity program. We therefore believe that the policy statement should leave it up to credit unions to decide—based on their individual circumstances—what sort of diversity policies and practices will be effective and workable for them.

The proposed policy statement hints that credit unions have at least some degree of flexibility to customize the listed policies and practices—including, for example, the statement that they may be implemented "[i]n a manner that is reflective of the individual entity's size and other characteristics." We hope, based on this language, that the agencies were merely listing examples of what an effective diversity program might look like at larger institutions, and that smaller institutions are free to implement much simpler diversity policies and practices, but if that is what was intended, we believe the policy statement should be more explicit in saying so. The League is concerned that in the absence of a very clear statement to that effect, all credit unions will be pressured into implementing most or all of the

policies and practices identified in the policy statement, including credit unions that have neither the resources nor a specific need to implement them.

For all of the reasons stated in this letter, as well as in CUNA's comment letter, we do not support the proposed policy statement in its current form. We thank NCUA for giving us the opportunity to comment, and please feel free to contact me at 434-237-9601 if you would like to talk more about these issues.

Sincerely,



Richard D. Pillow, CLE  
President

cc: Credit Union National Association